



AGENDA MEMORANDUM

Corpus Christi Tax Increment Reinvestment Zone #3 Meeting September 30, 2020

DATE: August 27, 2020

TO: Peter Zaroni, City Manager

FROM: Alyssa Barrera Mason, Executive Director, CCDMD
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<p>Approval of TIRZ #3 Reimbursement Agreement for SEA District Hotel Group LP at 701 E Port Ave</p>

CAPTION:

Motion to approve a Downtown Development Reimbursement Agreement with SEA District Hotel Group LP for the development of a \$41,000,000 196 room dual-branded hotel (Hilton Garden Inn and Homewood Suites) located at 701 E Port Ave for a total incentive amount not to exceed \$1,415,000, effective upon signature by the City Manager or designee.

SUMMARY:

This motion authorizes a Reimbursement Agreement for SEA District Hotel Group LP through the Project Specific Development Agreement in the amount of \$1,415,000.

BACKGROUND AND FINDINGS:

The Incentive Programs adopted by the TIRZ #3 Board in the Project and Financing Plan are specially structured to encourage specific types of development, key to our community's long-term goal of Downtown Revitalization. The Project Specific Development Agreement was created to activate vacant buildings and land in the Reinvestment Zone.

On July 28, 2020 the TIRZ #3 Board directed staff to prepare a Downtown Development Reimbursement Agreement with SEA District Hotel Group LP at 701 E Port Ave. The Developer will be constructing a new 196 room dual hotel (Hilton Garden Inn at 110 rooms and Homewood Suites at 86 rooms) with an "artsy and industrial" concept. The project will include a ground level restaurant and bar with outdoor dining, a 5,000 SF conference room, fitness room, and pool. There will be rooftop amenities including a bar/lounge, event space, and a sustainable garden. The total project cost is \$41,000,000.

This project will have the following performance deadlines:

- Submit for Full Permit Review: November 30, 2020
- Break Ground on Project: March 1, 2021
- Completion Date: December 31, 2022

ALTERNATIVES:

The Board could not approve this agreement or choose to limit the total reimbursement amount.

FINANCIAL IMPACT:

The funding source for this project is from the TIRZ #3 Project Specific Development Agreement. The funds for this program are from a reimbursement on taxes paid by the property owner on an annual basis. If the developer fails to pay the required taxes on the property or files an appeal to the Nueces County Appraisal District or any state or federal court of the assessed value of the Property for ad valorem tax purposes, the City and TIRZ #3 shall be under no obligation to make any payments under this agreement until such time as the appeal is resolved and all taxes are paid in full. Any late fees, fines, or interest assessed as a result of the failure to pay taxes or the appeal process shall not be reimbursed to the Developer under this agreement. Reimbursement is limited to the actual amount of property tax paid on the Improvements.

Funding Detail:

Fund: 1112 – TIF #3
Organization/Activity: 10279 – Project Specific Development
Mission Element: 707 – Economic Development
Project # (CIP Only): N/A
Account: 540450 – Reimbursement to Developers

RECOMMENDATION:

Staff recommends approving the agreement as it will not only activate a vacant parking lot but it will more importantly be the first hotel in the SEA District and will be within walking distance to the American Bank Center, museums, Heritage Park, Whataburger Field, and the Port of Corpus Christi. This hotel will complement the nearby City's assets.

LIST OF SUPPORTING DOCUMENTS:

TIRZ #3 Reimbursement Agreement – SEA District Hotel Group